



THOMAS R. WATJEN
President and Chief Executive Officer

October 3, 2005

The Honorable John Garamendi
Insurance Commissioner
State of California
45 Fremont Street
San Francisco, California 94105

Dear Commissioner Garamendi:

I would like to take this opportunity to respond to the Market Conduct Examination report of Unum Life Insurance Company of America, Provident Life and Accident Insurance Company, and The Paul Revere Life Insurance Company. These three companies today represent insuring subsidiaries of UnumProvident Corporation, on whose behalf this response is filed.

Our company has undertaken significant change over the last several years, and we set a very aggressive agenda to both improve all that we do and put issues of the past behind us. With this in mind, although we disagree with much of the exam report, we felt it was important to eliminate the uncertainty this ongoing exam creates with customers, employees and investors by entering into a settlement with the California Department of Insurance.

There are four key points that I would like to cover in our response to the report:

- 1) Much has changed at our company over the past several years, including enhancements to our claims handling practices. As a result, many of the issues noted in the report have already been addressed – something even the report acknowledges.

The examination covered claim handling practices during the period from January 1, 2000, through June 30, 2003. Since that time, UnumProvident has had a change in its chief executive officer, undertaken a broad range of procedural and organizational changes designed to improve the quality of its claim decisions, enhanced the clarity of communications with claimants and customers, and reaffirmed its commitment to fair and efficient handling of claims for its policyholders. Many of these changes were initiated by the company. Others arose from a 2004 Regulatory Settlement Agreement between UnumProvident and insurance regulators in 48 states – and apply also to California claimants. As a result of these changes, the quality of our claim decisions has improved, a point that is validated through external customer and claimant surveys, and by steadily declining complaint and litigation trends. Nevertheless, the report does identify opportunities for our company to further improve its claims practices and to enhance the experience of our customers and claimants, and we are committed to continuously improving all that we do.

- 2) Like any company, we strive for consistency in what we do. Through the exam process, we find that in a few situations our internal procedures were not followed. That is unacceptable, and we intend to take the steps needed to assure that we are consistently following the procedures in place. We take these isolated cases of non-compliance seriously and seek to use them as tools for improving our practices, training and communication. We have already implemented key changes in these areas to minimize the chance of recurrence.

- 3) During the exam process, we found that there were a number of significant differences of opinion between UnumProvident and the Department of Insurance regarding the interpretation of our policies and applicable state statutes and case law. Differences of interpretation such as these are perhaps inevitable and often exist in regulated businesses. In several instances, we elected to adopt the Department's position in the interest of reaching a resolution on behalf of California consumers.

In other instances, we have maintained our position and interpretation, as we believe they mirror long-held and widely accepted practices within our industry. In some of these cases we initiated adjustments and improvements designed to accommodate differences that exist and to minimize potential difficulties to customers and claimants.

Finally, the report puts forth a number of positions with which we disagree. In these instances, we hold that neither the cases examined nor a more comprehensive view of our practices supports the Department's statements.

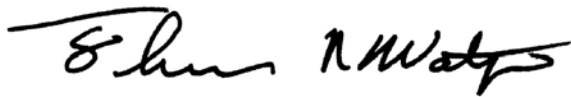
- 4) The Department of Insurance has made wide sweeping, negative comments that reflect poorly on our industry, as well as the management teams and companies in this industry. I feel strongly that our company and industry serve a critical role in protecting policyholders, and I can say with confidence that we constantly strive to act responsibly and in the best interest of our customers.

Although not part of the exam, I want to also comment on the Department's letter stating that certain provisions in existing disability policies approved in the state may be unlawful and may no longer be offered for sale. While we certainly intend to comply with the outcome of the process suggested in that letter, I feel strongly that the direction the Department is taking will lead to higher costs and a lack of availability of coverage to California consumers.

With all of that said, our goal is to move forward and continue building upon the progress we have made as a company over the last two years. As I've described, we have undergone financial and operational restructuring, established a new management team, enhanced our corporate governance and compliance, and improved many of our business processes. As a result of these and other efforts, we have essentially created a "new" UnumProvident.

With this settlement agreement now in place, we have put the uncertainty of a major issue hanging over our company behind us, and can now bring even greater focus on delivering quality products and exceptional customer service to our California policyholders.

Respectfully,

A handwritten signature in black ink, appearing to read "Thomas R. Watjen". The signature is fluid and cursive, with a large initial "T" and "W".

Thomas R. Watjen